

104TH CONGRESS  
2D SESSION

# S. 2031

To provide health plan protections for individuals with a mental illness.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 2, 1996

Mr. DOMENICI (for himself, Mr. WELLSTONE, Mr. SIMPSON, Mr. CONRAD, Mr. WARNER, Mr. SPECTER, Mr. REID, Mr. DODD, Mr. GRASSLEY, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. BURNS, Mr. HARKIN, and Mr. MOYNIHAN) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

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# A BILL

To provide health plan protections for individuals with a mental illness.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Mental Health Parity  
5       Act of 1996”.

6       **SEC. 2. PLAN PROTECTIONS FOR INDIVIDUALS WITH A**  
7                   **MENTAL ILLNESS.**

8       (a) PERMISSIBLE COVERAGE LIMITS UNDER A  
9       GROUP HEALTH PLAN.—

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## 1                   (1) AGGREGATE LIFETIME LIMITS.—

2                   (A) IN GENERAL.—With respect to a  
3                   group health plan offered by a health insurance  
4                   issuer, that applies an aggregate lifetime limit  
5                   to plan payments for medical or surgical serv-  
6                   ices covered under the plan, if such plan also  
7                   provides a mental health benefit such plan  
8                   shall—

9                         (i) include plan payments made for  
10                      mental health services under the plan in  
11                      such aggregate lifetime limit; or

12                         (ii) establish a separate aggregate life-  
13                      time limit applicable to plan payments for  
14                      mental health services under which the dol-  
15                      lar amount of such limit (with respect to  
16                      mental health services) is equal to or  
17                      greater than the dollar amount of the ag-  
18                      gregate lifetime limit on plan payments for  
19                      medical or surgical services.

20                   (B) NO LIFETIME LIMIT.—With respect to  
21                   a group health plan offered by a health insur-  
22                   ance issuer, that does not apply an aggregate  
23                   lifetime limit to plan payments for medical or  
24                   surgical services covered under the plan, such  
25                   plan may not apply an aggregate lifetime limit

1 to plan payments for mental health services  
2 covered under the plan.

3 (2) ANNUAL LIMITS.—

4 (A) IN GENERAL.—With respect to a  
5 group health plan offered by a health insurance  
6 issuer, that applies an annual limit to plan pay-  
7 ments for medical or surgical services covered  
8 under the plan, if such plan also provides a  
9 mental health benefit such plan shall—

10 (i) include plan payments made for  
11 mental health services under the plan in  
12 such annual limit; or

13 (ii) establish a separate annual limit  
14 applicable to plan payments for mental  
15 health services under which the dollar  
16 amount of such limit (with respect to men-  
17 tal health services) is equal to or greater  
18 than the dollar amount of the annual limit  
19 on plan payments for medical or surgical  
20 services.

21 (B) NO ANNUAL LIMIT.—With respect to a  
22 group health plan offered by a health insurance  
23 issuer, that does not apply an annual limit to  
24 plan payments for medical or surgical services  
25 covered under the plan, such plan may not

1           apply an annual limit to plan payments for  
2           mental health services covered under the plan.

3           (b) RULE OF CONSTRUCTION.—

4           (1) IN GENERAL.—Nothing in this section shall  
5           be construed as prohibiting a group health plan of-  
6           fered by a health insurance issuer, from—

7                 (A) utilizing other forms of cost contain-  
8                 ment not prohibited under subsection (a); or

9                 (B) applying requirements that make dis-  
10                 tinctions between acute care and chronic care.

11           (2) NONAPPLICABILITY.—This section shall not  
12           apply to—

13                 (A) substance abuse or chemical depend-  
14                 ency benefits; or

15                 (B) health benefits or health plans paid for  
16                 under title XVIII or XIX of the Social Security  
17                 Act.

18           (c) SMALL EMPLOYER EXEMPTION.—

19           (1) IN GENERAL.—This section shall not apply  
20           to plans maintained by employers that employ less  
21           than 26 employees.

22           (2) APPLICATION OF CERTAIN RULES IN DE-  
23           TERMINATION OF EMPLOYER SIZE.—For purposes of  
24           this subsection—

6 (B) EMPLOYERS NOT IN EXISTENCE IN  
7 PRECEDING YEAR.—In the case of an employer  
8 which was not in existence throughout the pre-  
9 ceding calendar year, the determination of  
10 whether such employer is a small employer shall  
11 be based on the average number of employees  
12 that it is reasonably expected such employer  
13 will employ on business days in the current cal-  
14 endar year.

15 (C) PREDECESSORS.—Any reference in  
16 this subsection to an employer shall include a  
17 reference to any predecessor of such employer.

18 SEC. 3. DEFINITIONS.

19 For purposes of this Act:

20 (1) GROUP HEALTH PLAN.—

1           ical care (as defined in paragraph (2)) and in-  
2           cluding items and services paid for as medical  
3           care) to employees or their dependents (as de-  
4           fined under the terms of the plan) directly or  
5           through insurance, reimbursement, or other-  
6           wise.

7           (B) MEDICAL CARE.—The term “medical  
8           care” means amounts paid for—

- 9                 (i) the diagnosis, cure, mitigation,  
10                treatment, or prevention of disease, or  
11                amounts paid for the purpose of affecting  
12               any structure or function of the body,
- 13                 (ii) amounts paid for transportation  
14                primarily for and essential to medical care  
15                referred to in clause (i), and
- 16                 (iii) amounts paid for insurance cover-  
17                ing medical care referred to in clauses (i)  
18                and (ii).

19           (2) HEALTH INSURANCE COVERAGE.—The term  
20           “health insurance coverage” means benefits consist-  
21           ing of medical care (provided directly, through insur-  
22           ance or reimbursement, or otherwise and including  
23           items and services paid for as medical care) under  
24           any hospital or medical service policy or certificate,  
25           hospital or medical service plan contract, or health

1 maintenance organization contract offered by a  
2 health insurance issuer.

3 (3) HEALTH INSURANCE ISSUER.—The term  
4 “health insurance issuer” means an insurance com-  
5 pany, insurance service, or insurance organization  
6 (including a health maintenance organization, as de-  
7 fined in paragraph (4)) which is licensed to engage  
8 in the business of insurance in a State and which is  
9 subject to State law which regulates insurance (with-  
10 in the meaning of section 514(b)(2) of the Employee  
11 Retirement Income Security Act of 1974). Such  
12 term does not include a group health plan.

13 (4) HEALTH MAINTENANCE ORGANIZATION.—  
14 The term “health maintenance organization”  
15 means—

16 (A) a federally qualified health mainte-  
17 nance organization (as defined in section  
18 1301(a) of the Public Health Service Act),  
19 (B) an organization recognized under State  
20 law as a health maintenance organization, or  
21 (C) a similar organization regulated under  
22 State law for solvency in the same manner and  
23 to the same extent as such a health mainte-  
24 nance organization.

1                             (5) STATE.—The term “State” means each of  
2                             the several States, the District of Columbia, Puerto  
3                             Rico, the Virgin Islands, Guam, American Samoa,  
4                             and the Northern Mariana Islands.

